

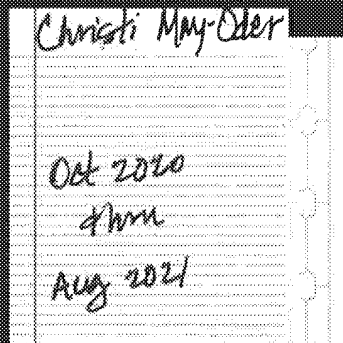
# **EXHIBIT 54**

## **CONFIDENTIAL**

In accordance with a protective order, the enclosure(s) shall be treated as confidential and shall not be shown to any person other than those persons designated in paragraph 8.2 of the paragraph order.

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96 RULED  
SHEETS PAGES

NOTEBOOK

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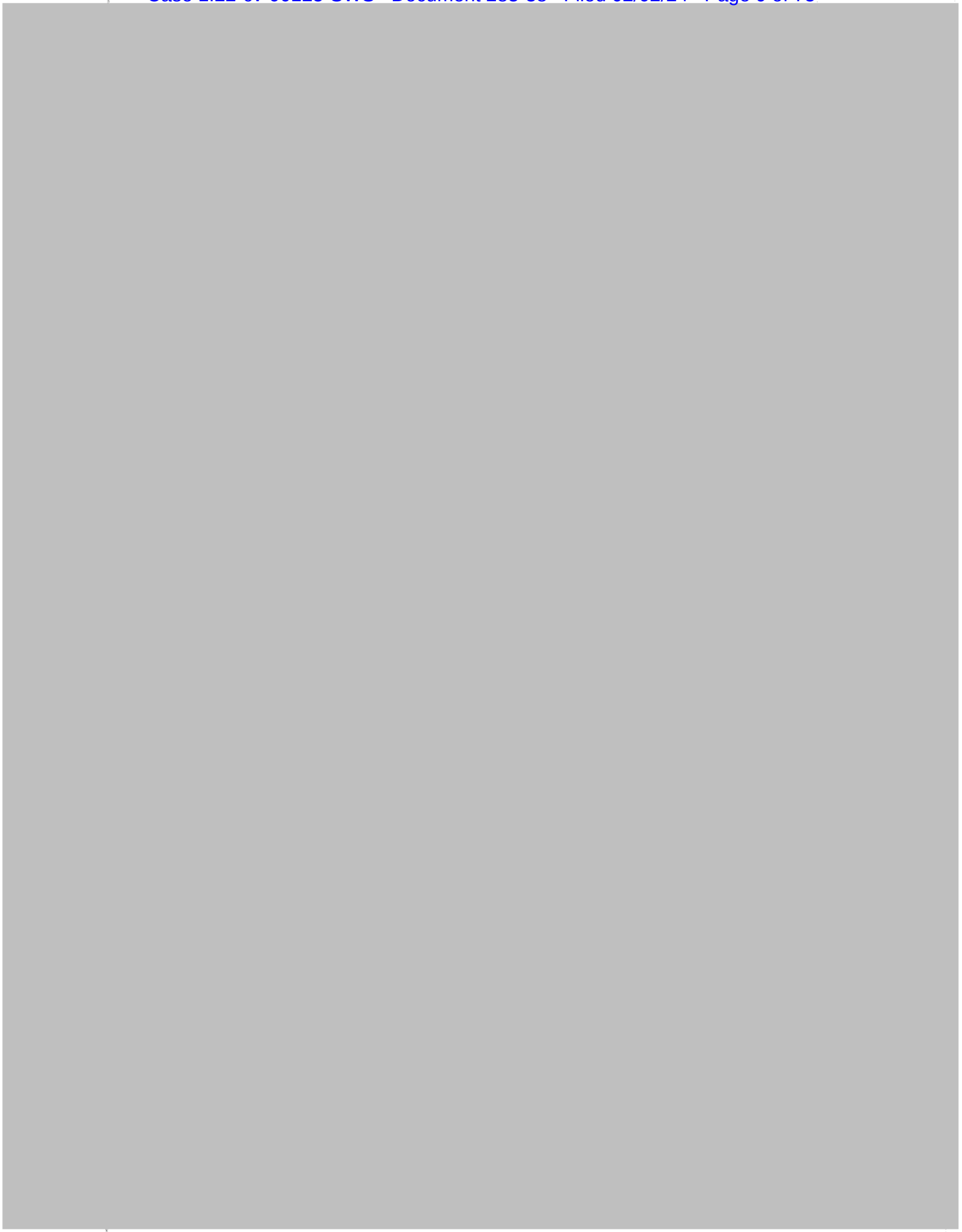


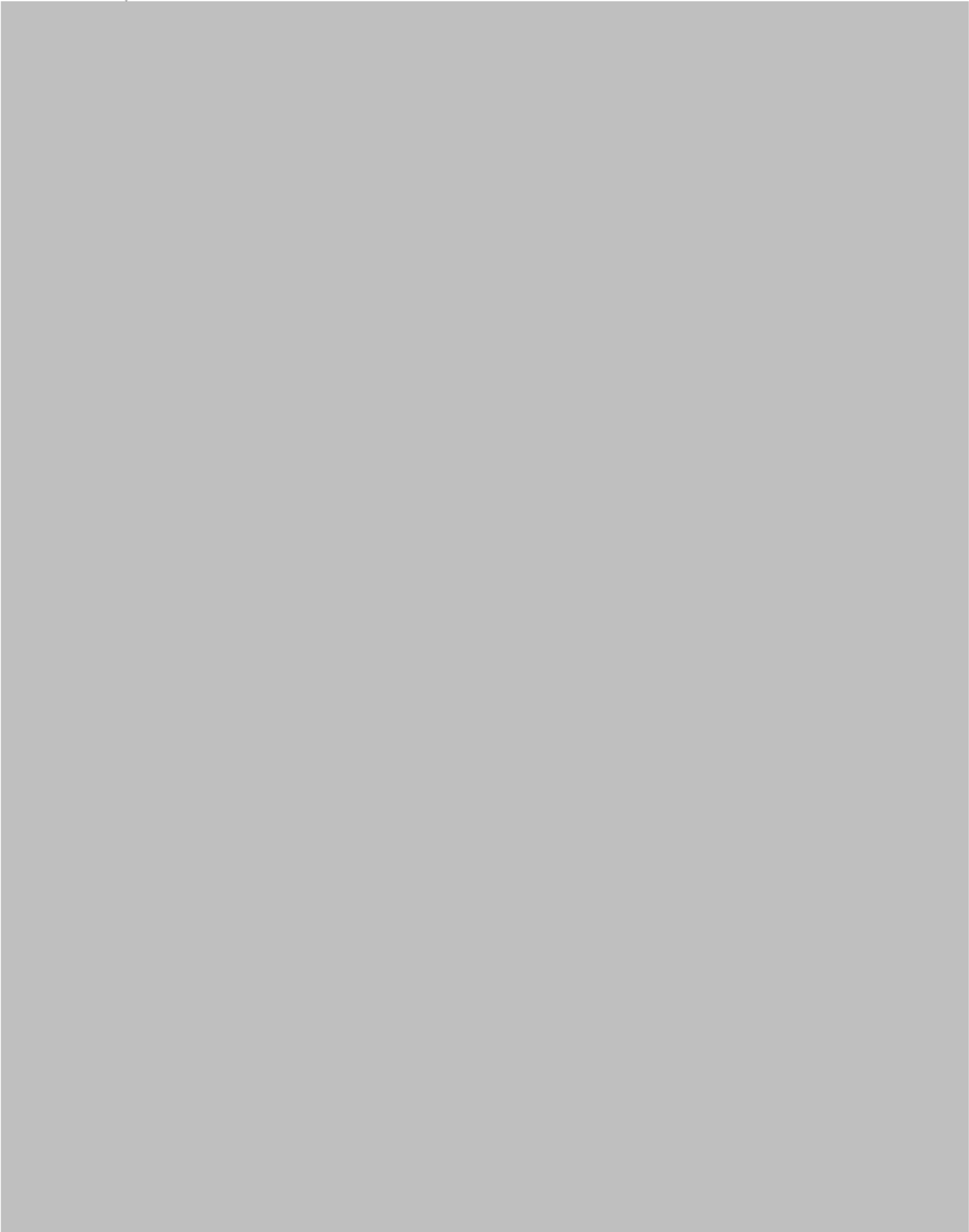






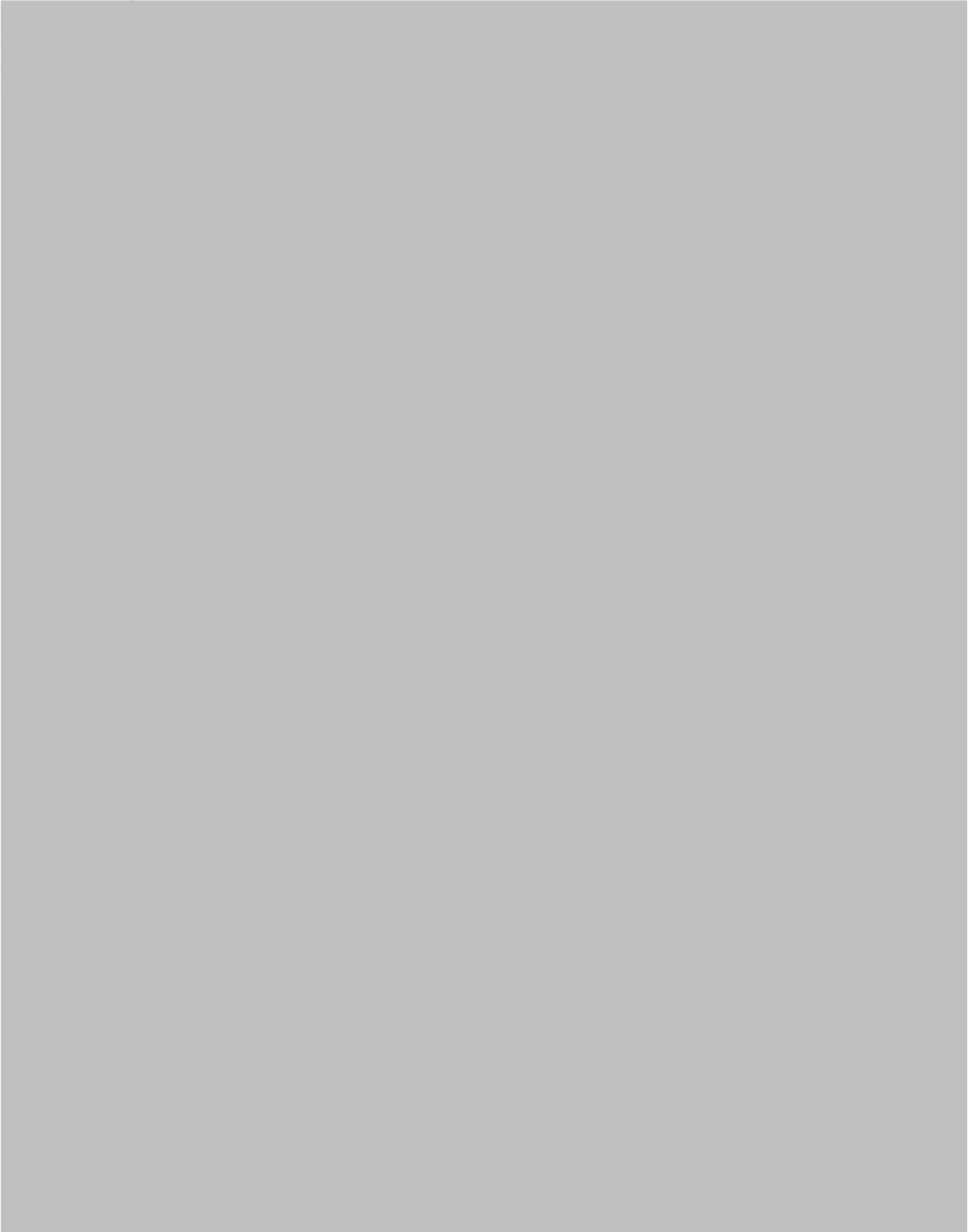


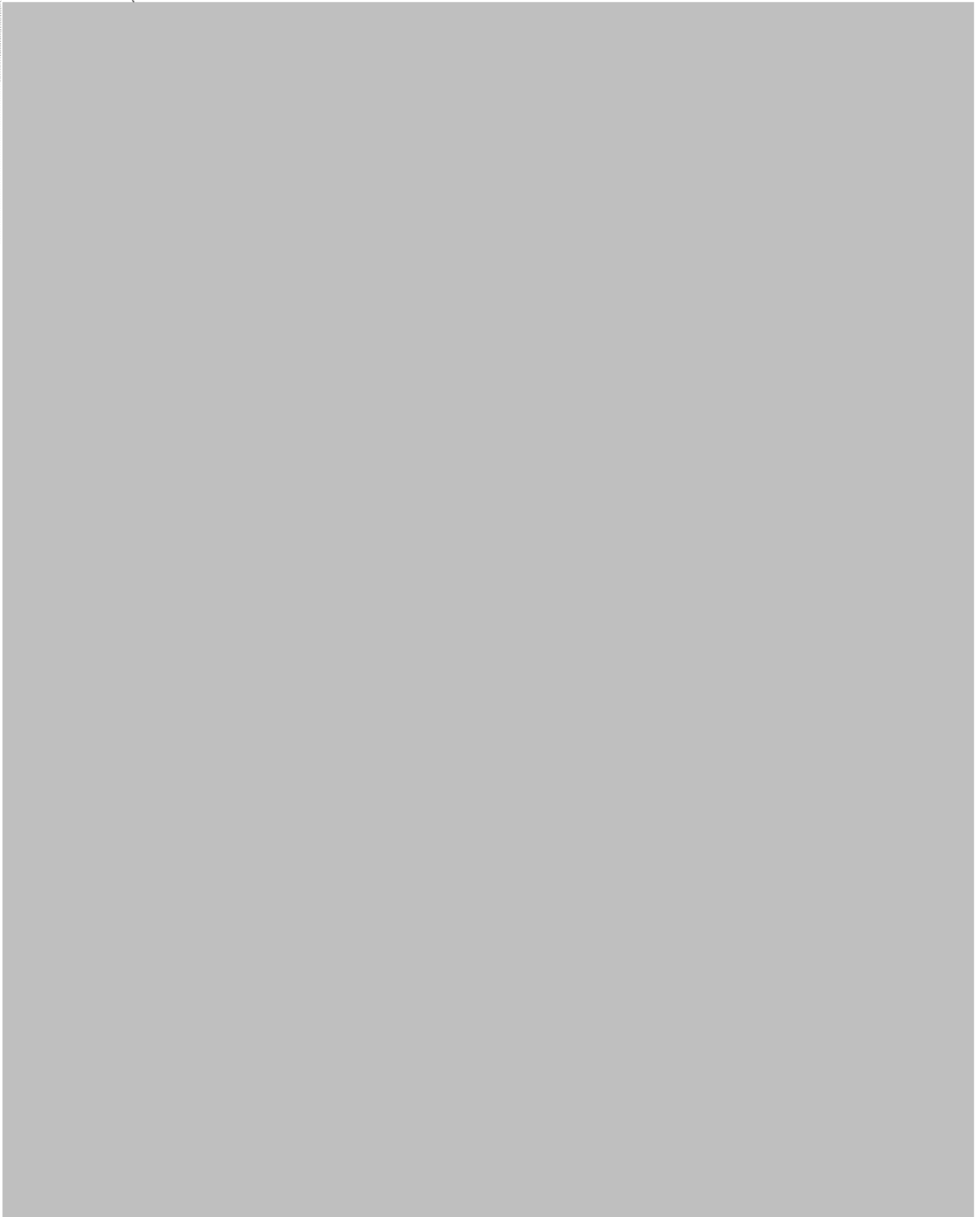


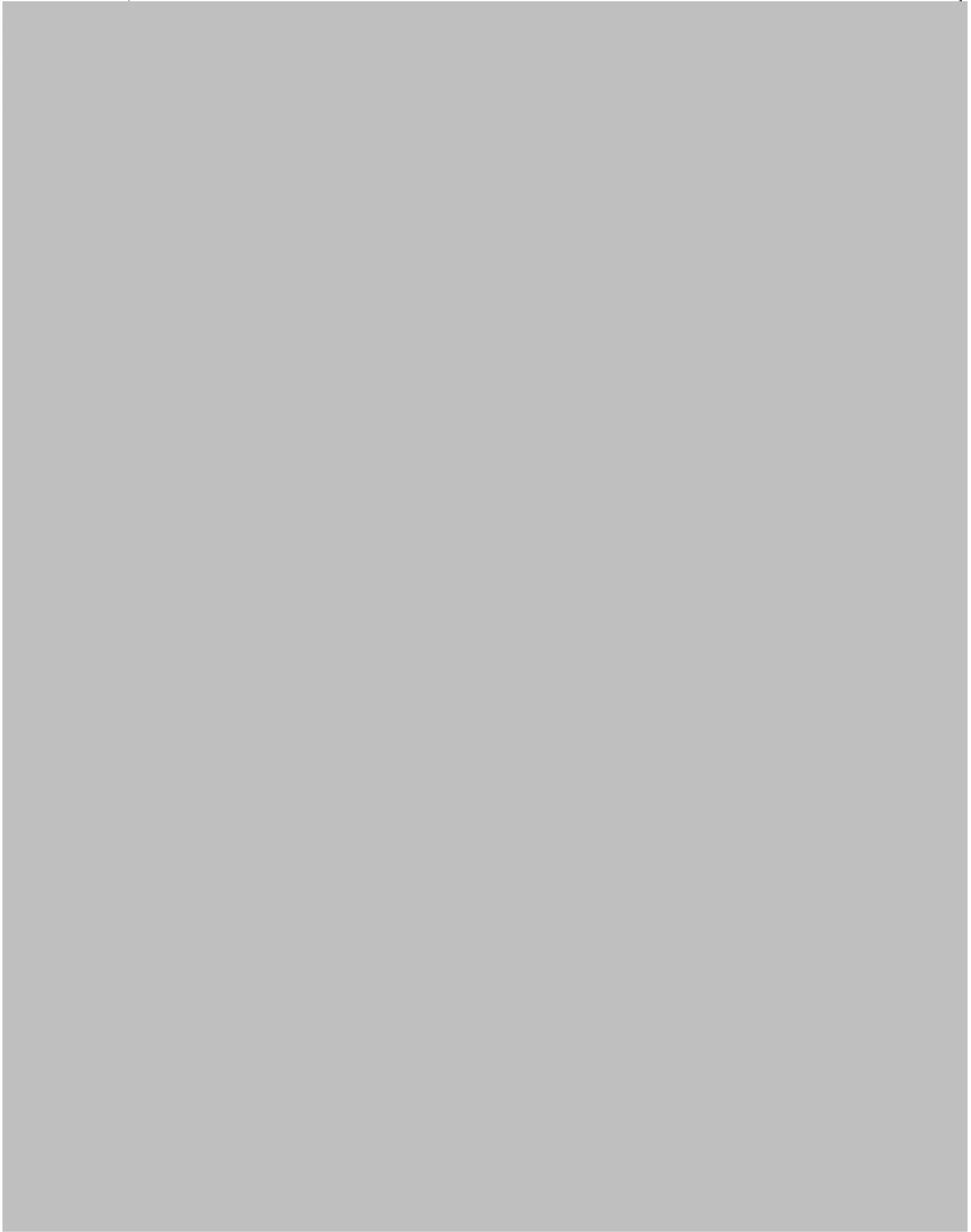






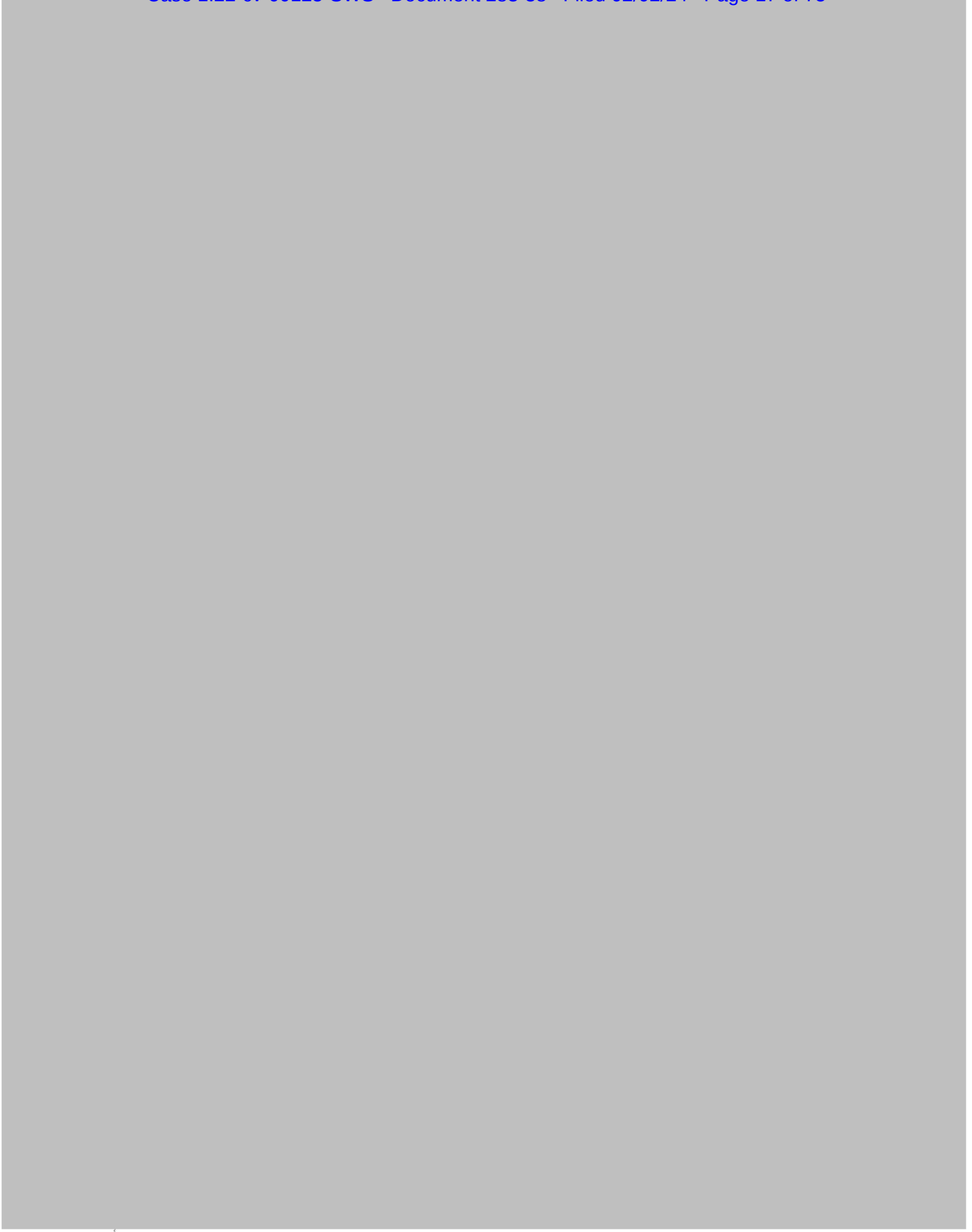














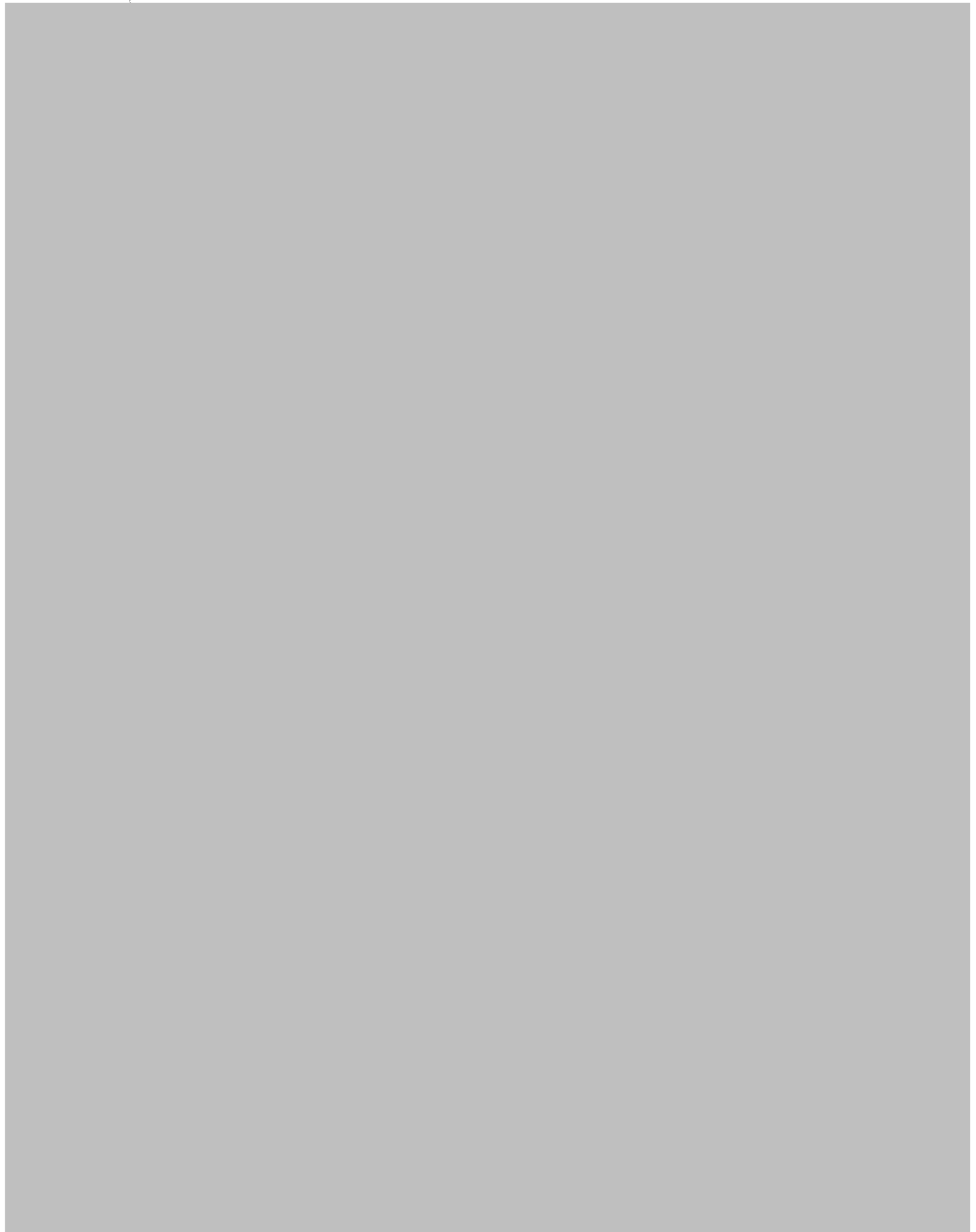








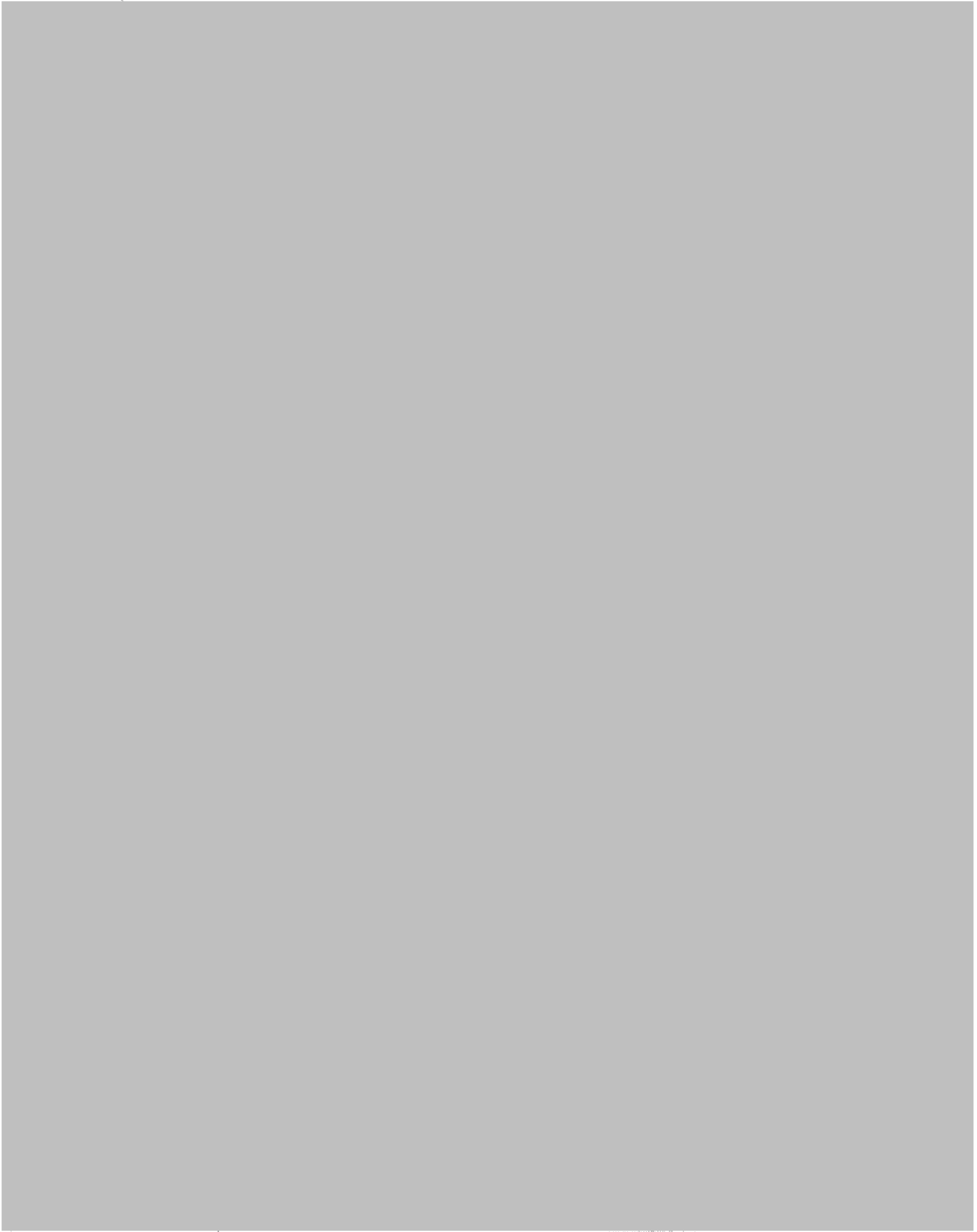
























1 20 21

Brithing, Allison, Chuck Thompson

Meeting w/ Aranti, Caitlyn, Bryan Bishop, Justin, Derek Bush, Graham Bannon  
Caitlyn's Letter

- 1) Aranti is a DI + a bank; OCC trust charter applicants not DIs  
b/c don't take deposits  
engaging w/ core banking service providers
- 2) OCC trust charter applicants rely on 3<sup>rd</sup> party inst to conduct many activities  
creating counterparty risk; Aranti would have minimal CP risk
- 3) Aranti capital \$31 mil + OCC trust \$12 mil  
" 100% reserves
- 4) Membership for OCC charter is automatic; Is there capital  
light path for OCC trust banks vs. state chartered?
- 5) Legal q's pertaining to membership
- 6) Other app's pose add'l biz risks
- 7) W/ developing supervising program

Banning G: Tara

- Work still continues; getting others across the system engaged
- What @ ether charter - very front of mind for us
- <sup>for</sup> constituents are engaged that ether is talking to + Tara talking to her colleagues
- Work quickly w/ Fed space
- Another complexity w/ Δ in key players - w/ some Δ's in position

Caitlyn

Are there show stoppers?

Important we understand difference in capital levels

Will they be slowed down by some of these

Tara

→ Not sure we feel its 'automatic' membership for Fed; looking into it.

- Trying to get cross-agency discussions - difficult w/ the Δ's
- Working across the system w/ colleagues

Caitlyn

Subject to federal statute for capital; Request Aranti be treated separately than others

Q: How did you determine capital?

Bitpay - spent a lot of time w/ state; don't have  
 lending risk but ~~do have~~ <sup>do have</sup> operational risk  
 potential earnings volatility; resolution costs

3 yrs of op exp for capital but could prove to be  
 too much or too little.

\$31 mil - Aranti

\$12 mil Bitpay - plan to apply for MA

- These are not dep entities so capital is lower  
 but everything is off BS so capital

- Looked at OCC Charter & cap level &  
 but didn't want to grow up dep taking portion b/c  
 key functionality

Asking us to separate them from others

**Redacted**

Q Even consider state charter bank?

Does it make sense to mix w/ trad bank - could  
 create lig risk

If have existing banks adding on there services  
 - still determined to stay w/ SPDI  
 important to be dep inst so can clear quickly

Q How will FinCEN's proposed

Chuck  
 Thompson

Aranti is going to comply w/ rules; addressing them  
 w/ unhosted wallet - not defined so substantive portion  
 of NFRM very straightforward so believe they will be able  
 to comply; if can't obtain info they needed,  
 they wouldn't transact w/ the customer

## Avanti (cont)

## 2ev Q Comparisons

High level - custodial activities look similar to trad trust co's  
 big difference - can't dealing w/ dig assets & can't claw back  
 Access to M1 - reduces settlement risk  
 Custome dep dig assets - hold at Avanti or facilitator bc to buy  
 more or sell

Buy - ↑ Trust Acct

Sell - ↓ Trust Acct & ↑ dep acct

- B/c transact directly

Assets given haircuts - Federal oversight resolves this risk

- Open Q; gets to their intent to apply for FR membership
- If we want them to pursue membership, they are open to it.

## How Define Stablecoin?

Avit uses same technology - as stablecoin, but funct, legally very different. Its designed to fit w/in legal

- Avit is bank issued neg instrument; not security - UCC Article 3
- stablecoin - not sure what there are legally

- [Redacted]

Why is this <sup>not</sup> different?

- They're not banks whereas Avanti is a bank
- stablecoin is different
- Avit - redeemable by a Bank, legal under UCC Article 3
- likely see more of these in the future
- Authority for issuance by Bank was not clear
- There other cases are not Banks & Avanti spent a long time
- H14 - Avit issued by Bank - count in M1  
 Others ~~not~~ <sup>not</sup> coins " " M2

- Haven't talked to SEC @ their thoughts on AVIT run risk of them calling it a security
- \* - Bepn of Bank in 34 Act doesn't include trust co's?
- Cont to track rules of state
- Any movement from FDIC? No  
but interesting OCC trust co's aren't requiring FDIC ins.

Next Checkpoint:  
Maybe Feb?\*

Only IX Novo in this batch  
cash burn is significant

Katherine

- \* Happy to give others presentation  
Feel strongly @ differentiating b/w OCC applicants
- Happy to provide written response to Q's

















## Esther Bernstein (cont)

Analysis @  
Privacy  
int call

could be Fed or state regulator  
what @ difference in cap reg's — BASEL Cap Reg's for  
international CO's vs state reg's that are not subject

### Safety Net:

- Dep Ins.
- Access to PW

### Esther's Concerns:

Is this bank a DI by any other name?  
Her concern is not whether we can protect the Fed  
b/c we have controls in place

Q: Is this a DI consistent w/ today's framework & having  
access to safety now?

### Esther's View on These Entities:

- Not looking for an answer
- Not able to give you acct b/c we have to determine  
policy decisions

Esther has heard enough q's @ this <sup>digital currency</sup> & support to think  
@ these issues collectively

Es it @ activities or structure — Lael's speeches are broad  
& address all of these concerns

Libra — not allowed b/c said it was commerce

Esther — don't have clear understanding of ~~of~~ what these  
entities are

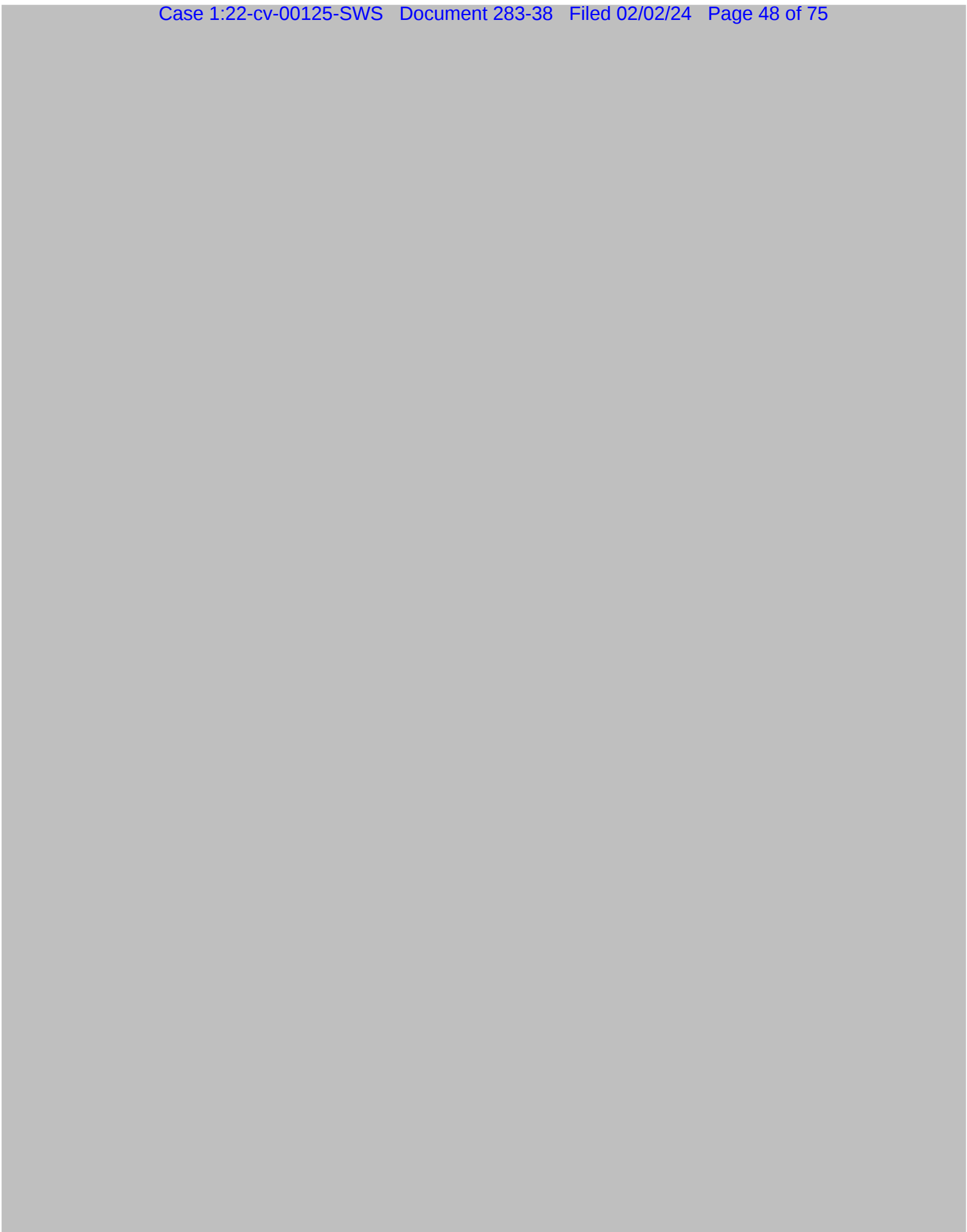
- She's happy to tell Avanti/ REDACTED ed
- no access b/c don't know what we're dealing  
with yet

- Don't think we say 'No', rather  
we are unable to give you an answer at this time















To Do: Set up time w/ Susan

3/16/21

NTMA Mtg

\* Steering Co:

Privileged

Operational risk:

Caithlyn Letter - no feedback

Privileged

- IT risks, vendor risk

Susan - Put on Sharepoint site → to make edits

Set up time to discuss Q's

Audience: Esther, Practical workstream

- Groups are more interested in seeing more than less & see some of detail

\* Judith's version is most recent version

Background/  
Bring this  
up for  
disc.

- Include structural Q's in background section

- Q's @ legal eligibility, Q's @ finl stability
- Bring argument the principles aren't answering the Question
- Key Messages:
  - significant Q's we can't answer @ MP & finl stability; it's the additive factor

- Assume w/o deciding on all these other issues that need to be determined to make a decision  
(Tara will look at notes from PSPAC mtg)

Privileged

future Discussions w/ Kaithlyn & Aramti:

will do 1:1 w/ Tara/Craig at some point but no plans to do so in near term

- Exec Level Memo
- Info laid out - template - Alinda will work on template + send out to CRM



















































